

# **Stock Message Board Recommendations and Share Trading Activity**

**by**

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## **Certificate**

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

Signed .....

Date: .....

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## **Abstract**

The efficiency of capital markets is largely attributable to an effective information network that exists among market participants that include fund managers, analysts, and investors. The role of many market participants is to improve the flow of information to assist the market in becoming aware of, and understanding, information. In this work, we look at the role of message boards in improving market efficiency. We examine the impact of message boards on stock returns, volatility, trading volume and liquidity. The overall findings of our study are that message boards serve no useful purpose for stock returns and liquidity. However, message boards do seem to add risk to share trading by increasing the turnover and share price volatility. We also observe that message board participants are likely to follow the stock market activity. Our results make one think that participation in message boards serves more for social purposes such as interaction with like-minded investors, general amusement etc than anything else.